THE CHINA WEEKLY REVIEW

密勒氏評論報

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May 1, 1948

A SILVER STANDARD?

AN EDITORIAL

Industrial Cooperatives

Rose Yardumian

US World-Wide Aid Act

Text

China Relief Mission

James A. Hunter

FOREIGN ASSISTANCE ACT

AN EDITORIAL

VOLUME 109 PRICE CNC$80,000 NUMBER 9

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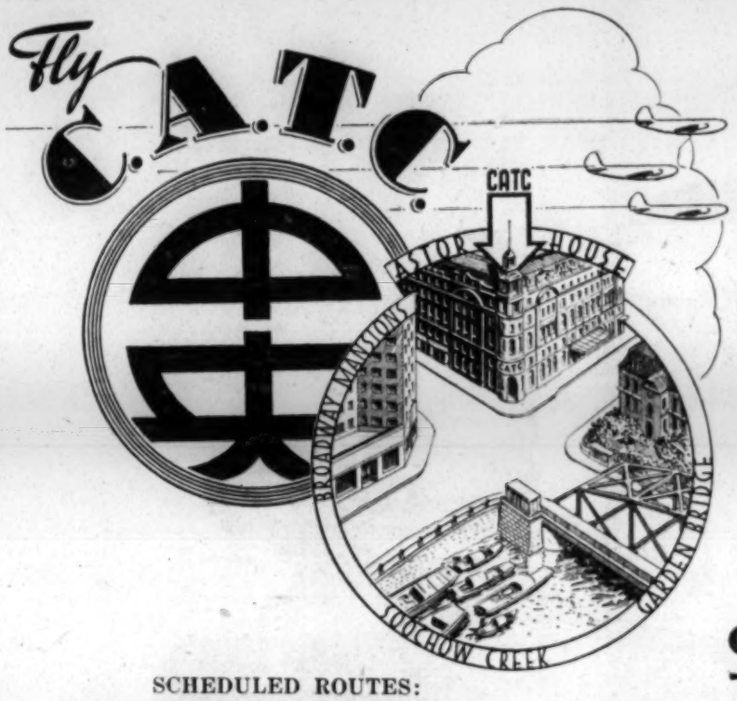

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Other Side Of Story

To The Editor:

It has come to our attention that a student of our University intends to write you a letter about what has been called by the student group "The Massacre of April 9." I shall not, of course, have an opportunity to see the letter, and possibly no such letter will be written, but it may be of interest to you to receive an unbiased and verified report of the student incident of the afternoon of April 9.

Because of the high cost of living, students in Chengtu, as in other parts of China, think that the Government should supply them with rice at cheap prices. This condition has been taken advantage of by agitators in the schools of Chengtu. The decision was made to meet the new Governor of Szechuen, Wang Lin-chi, on his arrival with demands that the relief promised by the Provincial Government before he came, i.e. one-third of the students' rice at a rate which was a little more than half of the actual market price, should be improved by the allocation of rice to be delivered to them in Chengtu.

The new Governor arrived on April 8 and learned that an agitation was being worked up. He asked the presidents of the various institutions to meet him. To them he explained that he had just arrived, needed time to consider conditions and would not permit any mass action of the students. Students were so informed, but paying no attention to this advice, they proceeded to the Provincial Government's Offices and stormed the gates. A small delegation was first sent in to the Governor and met by him. Again they were informed that as he had just arrived, he was not fully cognizant of the situation and would not be able to change the present order until he could give it further study. On reporting this to the students, the delegation was met with derision. The delegation then returned to report that the Governor's proposal was not acceptable.

Before anything further could be done, the students had broken through the police and surged into the grounds. The police having been prepared, took 130 of the students into custody. The Governor, apparently not desiring to live up to his reputation of using severe measures, did not permit the police to use their guns either to fire on the mob or employ bayonets; but in the tussle that ensued in the making of arrests, blows were exchanged and a few students were either injured by blows or by being trampled upon by the mob trying to escape arrest. The agitators did their best to persuade the students that some of those injured died and that many had been bayoneted. But all such rumors were false. As far as it is known, only three students were received in the hospital; and of these only one would normally have been entered in the hospital. The bruises suffered by them were no more severe than might be received from falling off a bicycle. One girl who was either trampled upon or struck by a boot or gun butt had an internal hemorrhage which apparently was not at all serious. According to the hospital reports, at no

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(Editor & Publisher, 1918-1947)

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people and hold their vested interests. Under the rule of this regime, there can be no freedoms, except the freedom of exploitation of the privileged.

Is the US walking towards a modern feudalistic stage? Historians told us that capitalism is the successor of feudalism. Capitalism in America has developed to such a point that the major part of her national wealth has been concentrated in the hands of a small group of people who take their own interests above that of the nation and the people. The more wealth they possess, the greater their influence will be on domestic and international politics. It is the so-called democratic tradition that covered this aspect in the past and made America appear a comparatively freer nation in the capitalist world. But the weak foundation of the capitalistic democracy cannot stand any further capitalistic development. When the gap between the powerful and the poor is clearly discernible, the freedom and rights of the common people can hardly be kept secure.

As things stand today, it is no wonder that the US State Department should refuse the passport application of Congressman Leo Isacson, and that its spokesman said, "Issuance of a passport is not an inherent right of any citizen but is at the discretion of the Secretary of State." The Un-American Activities Committee can investigate every US citizen and deprive him of freedoms; the US Federal Immigration Administration could detain Irene Jolliot-Curie under the pretext that she is a French communist. The State Department cannot issue a passport to a congressman who is considered to be a communist sympathizer: the dead enemy of the present US Wall Street dominators. It is quite natural. To permit his application would be a miracle of the pseudo-democracy of capitalism.

A reactionary, fascistic and modern feudalistic stage has been formed in the US now; only the US people can break up it and save themselves.

Y. E. H.

Shanghai,
April 13, 1948.

In A "Quandary"

To The Editor:

After reading your editorial on "Communist Quandary" of April 24, we feel the confusion and "quandary" is pretty much man-made by you. And probably the readers who know less of the political situation in the United States, might also be in a "quandary" after they have followed the hazy bits of argument you present.

Apparently you are afraid of the restrictions now being imposed by the American Government against the civil liberties of the American people. You have made a good case to show that once restrictions are placed on any group, then "you have agreed to a principle which eventually may allow the restriction of your own activities."

Now just what group do you feel must be restricted? And we quote you: "There is, in our view, valid reason why those belonging to a group who advocate, and by illegal means attempt to accomplish the change of the government by violence or other non-constitutional methods should be restricted in some manner."

We suggest that for the next issue of the English Lesson you define what you mean by: (1) "illegal means," (2) "non-constitutional methods," (3) and give us specific examples of what group and what actions you have in mind.

We feel that such loose editorializing should be substantiated by facts. The impression to be inferred from your editorial is that the Communists in America (and others less understanding than

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ourselves might think you also mean the Socialists and the Wallace fellow-travelers) are at this time attempting illegal means to overthrow the government. We would like to know what information you have that we have not been able to read in the daily papers. For, in spite of the continuous anti-Red press in the states, we have yet to read of any specific charge of violence of "illegal means."

It seems to be all in a lot of people's minds, and I am afraid in yours, too.

T.T.

Shanghai,
April 26, 1948.

Waste Of Money

To The Editor:

I have read much about the National Assembly meeting in the capital and feel very discouraged by it.

The National Assembly held during such a critical time should be a very important meeting. Every Chinese eagerly hopes that these delegates will realize their responsibility and really do something for the suffering people. But on the contrary, it has been so far a center of quarrels and confusion. These so-called people's delegates have behaved no better than boys and girls in school. It is a pity that CNC$7,000,000,000 is reported to be spent each day for this meeting.

KING SIH QUE.

Wusih, Kiangsu,
April 13, 1948.

Needs Teacher

To The Editor:

I am a senior student in a middle school here, interested in studying English. I hope you will kindly introduce me to some American or English people living in Tsingtao from whom I may learn English. My address: 7 Shanghai Road, Tsingtao.

CHAO HSUN-CHUAN.

Tsingtao,
April 18, 1948.

Squeezed Again

To The Editor:

Chinese people have been squeezed again and again. Each word of the Chinese Constitution, democratic in name only, was estimated (about one year ago) at a cost of over CNC$3,000,000 and the whole text contains thousands of words. Now the National Assembly meeting in the capital wastes per day CNC$7,000,000,000. All the money belongs to the people.

At the meeting the so-called people's delegates, however, cry for amendment to the constitution, shout one another down, hiss and bellow. The discussions are always in a state of uproar. Some of the delegates go to the meeting late, sit down for a while, then fall to sleep; some dance or drink all the day and night; some are more interested in the "Queen of the NA," the "Peony" and "Cicatrix" than the problems of state affairs.....

Because of the Civil War, we lao pai hsing have been living in the conditions of deep water. We can endure no longer. We want our rights; we want to wipe out all those who squeeze us and oppress us.

W. S. T.

Canton, Kwangtung,
April 13, 1948.

English Standard

To The Editor:

I am interested in T. W. Loh's

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The Shanghai Evening Post and Mercury

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letter, "On Learning English" in the March 20 issue of the *Review* and would like to add a few words on this subject.

Since English is considered to be the most important course in the Chinese middle schools, we English teachers ought to expect our students, after their graduation, to be able to speak and write English reasonably well. But I regret to say many English teachers pay too much attention to cultivating the students' interest in literature than to the English language itself. As the result, few students leaving middle school find themselves able to read an ordinary piece of news and to write a short practical letter. A friend of mine reads eighteenth century prose but cannot say "he is not at home" in English. I think to learn English in this way is a sheer waste of time.

Middle school boys and girls should be taught to learn modern useful English and to express their ideas in English. English literature is of little help to students if they cannot master the English language. I suggest the English textbooks should contain short current and practical essays instead of lengthy literary pieces. Let junior middle school students practice sentence construction and simple grammar and let seniors keep a diary in English. If they cannot write their ideas in English, it is useless to think of raising the middle school students' English standard.

P. Y. W.

Wuchang, Hupeh,
April 14, 1948.

Foul Play

To The Editor:

Officers of the Students' Self-Governing Body in our school, according to traditional rule, must be re-elected every term. In the past, the election was always carried out peacefully; this term, however, some students' attitude toward it is entirely different. Several students want to compete for the position of the chairman of the student body and they use all sorts of ways to attain their aim. They threaten younger class representatives and bribe others with money. It is said one of them even offered CNC$5,000,000 to his opponent for the chairman position but the latter wants CNC$3,000,000 more. Now they are attacking and contending with each other, though the election has not yet taken place.

I am one of the representatives of my class and have the franchise, but under such conditions, I have decided to abandon my vote. It is a disgrace to our school and indicates the education crisis in China.

C. S. C.

Shangyao, Kiangsi,
April 14, 1948.

Plans Fail

To The Editor:

Every good plan in China loses its merits as soon as it is put into practice. For example, the college educational system in China is quite good; but when it is used in Chinese schools, the students fail to enjoy its merits. Students as well as professors have no freedom of speech; most professors are not learned and students cannot learn much. There is always a gap between teachers and students; both students and professors starve for mental food. All these facts cause the education crisis in China. To rescue it before it is too late, the Civil War should be stopped first.....

P. K. WU.

Canton, Kwangtung,
April 15, 1948.

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Unrest Among Intellectuals

DURING the past several weeks, there has come into existence a movement among Chinese professors and liberal leaders to make some contribution toward helping solve the present internal political deadlock. First to appear on the stage was a prominent group of college professors, government officials and industrialists in Peiping, who are reported to have organized themselves into an association, which has for its object the study of China's social and economic problems. According to Chinese press reports, the said association has made public a 32-point program, covering the different aspects of the China problem. Although the association emphatically denied having political ambitions and stressed its non-political nature, it is generally felt that its program represents the platform of the "third force" in North China.

Next to follow were 100 college professors in Nanking who in a public statement held the Government and the Chinese Communists jointly responsible for the present political cul-de-sac in this country. In the opinion of these professors, things in China have gone from bad to worse since VJ Day and a general debacle is looking China in the face.

On the one hand, the professors blamed the Chinese Communists for attempting to seize political power by force of arms instead of through the regular democratic channels. On the other hand, they took the Government to task for having thrown overboard Dr. Sun Yat-sen's Principle of the People's Livelihood and for tolerating and even helping the growth of bureaucracy in China. The professors charged that the Government and the Chinese Communists are engaged in a life-and-death struggle for power without showing any consideration for the future of the Chinese nation. After listing a long series of proposed reforms in political, economic and military affairs, the professors concluded by expressing the hope that the Government would be good enough to accept their recommendations for reform and that the Chinese Communists would have sense enough to abandon their present policy of employing force to capture power.

Latest reports from Nanking state that the professors are making arrangements to set up a permanent organization to study State affairs and policies. It is also reported that President Chiang Kai-shek was interested in the views expressed by the professors.

Meanwhile, from Canton it is reported that a large group of college professors, newspapermen and out-of-office politicians have created an organization for the object of helping the Government explore the possibility of bringing about internal peace by ending the present civil strife.

It is difficult to tell whether the actions by the professors in Peiping, Nanking and Canton represented a well-organized movement or whether they were just spontaneous, separate affairs. However, they are politically significant and interesting.

Coming as they did as some kind of response to Ambassador Stuart's appeal to China's intellectuals to do their bit to help the Government tide over the present crisis and march along the road to democracy, the professors statements seem to indicate that the Ambassador's words have not fallen on deaf ears.

Strictly speaking, what the professors said in their statements contained nothing whatever new and many of their recommendations for internal reform have been made and elaborated upon in Government proclamations and in the resolutions that the Kuomintang has adopted during the past several years. If the situation in this country has continued to deteriorate in recent years in spite of these beautifully written proclamations and high-sounding resolutions, we wonder how the programs advocated by the professors will help things.

However, it seems to us that the statements issued by the professors are significant not so much for the value of their proposed solutions for the various problems that confront the country as for their dissatisfaction with the status quo and their eagerness to do anything about it.

A careful study of these statements and programs brings out the following points. Firstly, contrary to official assurances that the situation in China is actually not so bad as some cynics and calamity-howlers would have us believe, the professors pointed out that China's finance and internal politics are in bad shape and the nation is heading for a national catastrophe. It is stressed that unless drastic and timely reforms are made there is no telling what may happen.

Secondly, the professors' statements are indicative of a popular dissatisfaction with things as they are and show that there is a growing conviction that the present policies will get China nowhere except a step nearer national disaster. Although the professors failed to state specific-

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New York Herald Tribune

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—Lewis, in The Milwaukee Journal

ally what they proposed to do about the current fighting between the Government and the Chinese Communists, their programs left no one in doubt as to their hope for an early cessation of the civil strife and for a reasonable compromise between the Kuomintang and the Communists.

But under present conditions, it is difficult to see how a compromise will be possible.

A Silver Standard?

ON April 22, the Chinese Government was urged by the National Assembly to open negotiations with the United States and Britain for the purpose of contracting silver loans to be used for reforming the currency and returning it to a silver standard. Stimulated by this report from Nanking, Shanghai newspapers published several commenting articles, most of which either were in disfavor of a silver standard as such or doubted that China could obtain the necessary loans.

The disadvantages of a silver standard are well known in China, but the question is whether the deputies who urged the Government to return to it actually were recommending and thinking of a real silver "standard." Several months ago when the same question was dealt with in China, it appeared that debating people used the term "standard" in very different senses.

In essence, the silver standard functions in exactly the same way as the gold standard, the difference of course being that the standard conditions refer not to gold but to silver. In both cases, the three chief requirements are the same; namely, first, that there must be coinage and free movement of the metal money, second, that the latter must be redeemed on demand for any paper money and third, that it is legal tender. When a government ceases to convert its paper currency to metal, it is going off the metal standard, whether this refers to gold or to silver.

If those three requirements would be fulfilled in China, this country would be on a silver standard: Is this what the resolutions wanted the Government to effect? If so, the Government would need tremendous quantities of silver, would need the money—borrowed money—to obtain the white metal and would be obliged to find a way out of the jungle of shortcomings connected with the silver standard. Such shortcomings, by the way, are avoided when silver coins circulate in a country on the gold standard as was the United States; the only coins of some intrinsic value at present in circulation in "hard currency" countries such as the US and Switzerland are made from silver, but certainly this does not mean that those countries are on a silver basis.

Obviously, however, this is not what the revisionists in Nanking have aimed at. They want China to return to silver. They want China to borrow the silver. They hope that this will terminate the money inflation.

Although silver producing countries may be eager to see a huge nation re-introduce the silver

standard, the fact is that the gold price of silver always remains a very uncertain factor. Neither importers nor exporters know the prices of their goods which they are bound to buy or sell in terms of a silver currency; for every movement in the price of silver is at once reflected in the exchange between the silver-using and the gold-using countries.

Of course, matters are not any worse than they were before the war. Or rather, the fictitious gold standard which nations today adhere to, is not any better or more certain a basis than in prewar years. Apart from its fictitious official price of US$35 for an ounce, gold has market prices varying from US$42 to almost US$70; but, nevertheless, officially it is accepted at a fixed price in all gold-using countries, whereas silver is not. To sell Chinese bills (banknotes or whatever promises) on foreign exchange markets, therefore, would be as difficult and complicated today as it was 30 years ago.

However, we are speaking of silver as if it already were on its way to Shanghai. Unfortunately, it is not. For silver certainly would be better than paper. But to obtain large quantities of silver for China is no easy job.

Like many millions of other inhabitants of this country, the deputies in Nanking have overlooked the fact that—again, unfortunately—China's reputation as a debtor is no more what it was before the war. It is amazing to state how small is the number of people knowing the approximate amounts in dollars, pounds and francs which China owes other nations. It is still more amazing to state how many people believe that those great war and prewar loans (plus services) may be considered almost nonexisting, and how few people are aware that at present China does not even pay interest on loans charged against specific security, such as the customs revenue which, no doubt, is not trifling.

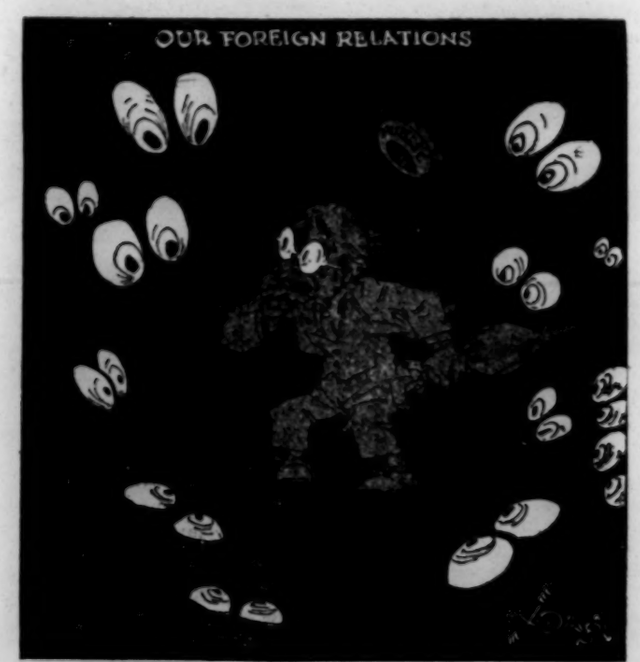
Under such conditions, it may be extremely difficult to obtain new loans for the purchase of large quantities of silver even if, as has been suggested, the loans are secured on Chinese exports of ores, oil, tea, silk, no matter how this suggestion is to be interpreted.

There can be no doubt, on the other hand, that a metal standard would restore part of the confidence the nation has lost in its legal tender. But the price would be high, too high indeed. And the problem still remains how, with budgets unbalanced, the Civil War continuing and military expenditure, therefore, unpredictable, any monetary reform can produce miracles. This would be difficult to grasp even if the proposed reform were not based on so uncertain a commodity as is silver.

Wolves At The Door

London Daily Herald

Has Anybody Got A Light?



New York Herald Tribune

The Foreign Assistance Act

CONGRESS has passed the China Aid Act and materials to be received under this program are expected to arrive shortly. During the congressional debate preceding the passage of the act, various views were expressed. Now that the measure is finished and China certain to receive aid to the tune of US$460,000,000, the arguments for and against have mainly an academic value.

However, we think one statement of opinion, which we received only last week, should be of interest to students of the China scene. This statement presents the views of the Committee For A Democratic Far Eastern Policy, which, the Committee claims, were denied an open and public hearing before Congress. Certainly none of the news agencies saw fit to report on the Committee's statement, although it was released to the press in America.

In line with our policy of giving our readers as much material as possible which is contradictory and which is frequently suppressed or omitted by other publications, we are reprinting the Committee's statement in this issue. Publication in the *Review*, however, is not to be taken as evidence that we support the Committee's statement. In fact we take exception to some of the views expressed therein. We feel, though, that since our readers already have been exposed to so many heavy doses of the views of Messrs. Judd, Bullitt, Utley and others who think along the same line, that they have a right to see the other side.

* * *

ALSO in this issue readers will find the text of the Foreign Assistance Act of 1948, which is the official name of the piece of legislation which includes the European Recovery Program, the International Children's Emergency Fund, Greek-Turkish Aid and Aid to China. This is a historic document, one of the most significant in recent years. It may well be recalled by historians as the American move which precipitated World War III, or it may be cited as the American move which prevented a third world war from following close upon the heels of the second such conflict.

Secretary of State George Marshall, the drafter of the plan, and his supporters are convinced that it is the key to world peace, while most of those who oppose it, including the communists in many countries, seem certain, at least according to their public utterances, that it is the prelude to war. Certainly a great many people, including those of us who could not agree with many basic points of the program, now hope that it will bring economic recovery and peace.

This document is also of importance in that it clearly and unmistakably announces US full-scale participation in world affairs. With the passage of this act, the United States has come a long way since the pre-World War II isolationist days. Entry into the war, participation in the United Nations and now an almost single handed attempt to "fix" the problems of a large section of the globe are stages which are of great importance both to the American people and the rest of the peoples of the world.

The people of the United States, who comprise about seven percent of the total population of the globe and who live in an area that occupies about seven percent of the earth's land surface, have committed their resources, which comprise about 40 percent of the known resources of the world, to a global plan which has definite political, military and economic objectives.

We recommend that readers study the text of the Foreign Assistance Act carefully since every one of us will in greater or lesser measure be affected by its provisions.

25 Years Ago In The *Weekly Review Of The Far East*

April 28, 1923.

Better Than None

The Chinese Parliament has called upon the Premier and Cabinet for a statement of the financial situation of the government and has expressed a special curiosity regarding the status of foreign and domestic loans. Whether it is the intention of the members of parliament to investigate the legality of loans made by the government since the dissolution of the national assembly in 1917 we do not know, but the fact that the parliament has asked for a financial statement is encouraging. If this action of the parliament is China's first step in facing the deplorable financial situation of the country, then there should be encouragement both at home and abroad.....The parliament may be composed generally of small self-seeking politicians, but the members are quick to exact a high moral standard from the other branches of the government. Competition and political rivalry attend to that. A bad parliament is, after all, better than no parliament, as the present situation shows.

* * *

Criticism of Japan

Joseph R. Leeson, president of the Universal Winding Company and one of the leading businessmen of Boston who recently was in Shanghai on his way around the world, in an interview in the *Japan Advertiser* said that Japan could not be classed as a modern nation until it had improved its mail service, built modern roads and improved the status of women....He is quoted as saying that China is proof against the inroads of bolshevism owing to the widely distributed ownership of land and foodstuffs required by her population....."China's resources and her good foundation furnish reasons enough for an optimistic outlook for her," he said. He urged the development of business organizations as a method of curing many of the political ills of China.

10 Years Ago In *The China Weekly Review*

April 30, 1938.

Buy Arms From Germany, Italy

The situation in China is considered in Berlin as serious though not desperate, the *Manchester Guardian* correspondent in the German capital reported last week. "There is no sign of any weakening of China's resistance, and it is believed here that there can be no question of peace for a long time to come," he added. "Most of the war material that reaches China is German or Italian. Sixty percent of the arms that pass through Hongkong for China are of German origin, and 25 percent of Italian origin.....The Chinese have received some war material from Soviet Russia," he continued, "but it has proved to be of inferior quality."....Although Germany has supplied China with arms, she is not regarded as a friend by the Chinese, so that her own position in China where she has great trading interests is not a good one. She is also a little uneasy because as the war drags on it will become more difficult for Japan, and Russia will have time to recuperate."

* * *

American Reading

Editorial opinion in the US on Japan's continued invasion of China is getting more and more scarce these days, but a periodic check-up of the leading journals in America does not fail to reveal consistent sympathy for China and the belief that Japan ultimately will not win.....*The New York Herald-Tribune* accurately summarized the present American notion of the Far Eastern situation on March 23, in the following words: "The Chino-Japanese conflict has been overshadowed lately by events in Europe. The fighting in China is so far inland, and all accounts of it are so heavily loaded with unfamiliar and unpronounceable place-names, that it would be hard to follow even if there were no diversions."

US World-Wide Aid Act

I. Economic Cooperation Act of 1948, II. International Children's Emergency Fund Assistance Act of 1948, III. Greek-Turkish Assistance Act of 1948, IV. China Aid Act of 1948.

An Act

TO promote world peace and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1948".

TITLE I

SEC. 101.

This title may be cited as the "Economic Cooperation Act of 1948."

Declaraton of Policy

SEC. 102.

(a) Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

Purposes of Title

(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—(1) promoting industrial and agricultural production in the participating countries; (2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and (3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

Participating Countries

SEC. 103.

(a) As used in this title, the term "participating country" means—(1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and (2) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration; provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

(b) Until such time as the Free Territory of Trieste or either of its zones becomes eligible for assistance under this title as a participating country, assistance to the Free Territory of Trieste, or either of its zones, is hereby authorized under the Foreign Aid Act of 1947 until June 30, 1949, and the said Foreign Aid Act of 1947 is hereby amended accordingly, and not to exceed $20,000,000 out of funds authorized to be advanced by the Reconstruction Finance Corporation under subsection (a) of section 114 of this title, or under subsection (d) of section 11 of the Foreign Aid Act of 1947 notwithstanding any appropriation heretofore made under such Act, may be utilized for the purposes of this subsection: Provided, That section 11 (b) of the Foreign Aid Act of 1947 shall not apply in respect of the Free Territory of Trieste or either of its zones: and provided further, That the provisions of section 115 (b) (6) of this title shall apply to local currency deposited pursuant to section 5 (b) of that Act.

Establishment

SEC. 104.

(a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the Economic Cooperation of Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of $20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this title, the administration of the provisions of this title is hereby vested in the Administrator and his functions shall be performed under the control of the President.

(b) There shall be in the Administration a Deputy Administrator for Economic Cooperation who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of $17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Economic Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for Economic Cooperation appointed hereunder, to provide, for a period of not to exceed 30 days after the date of enactment of this Act, for the performance of the functions of the Administrator under this title through such department, agencies, or establishments of the United States Government as he may direct. In the event the

President nominates an Administrator or Deputy Administrator prior to the expiration of such 30 days period, the authority conferred upon the President by this subsection shall be extended beyond such 30 day period but only until an Administrator or Deputy Administrator qualifies and takes office.

(d) (1) The Administrator, with the approval of the President, is hereby authorized and empowered to create a corporation with such powers as the Administrator may deem necessary or appropriate for the accomplishment of the purposes of this title. (2) If a corporation is created under this section—(i) it shall have the power to sue and be sued, to acquire, hold, and dispose of property, to use its revenues, to determine the character of any necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed and paid, and to exercise such other powers as may be necessary or appropriate to carry out the purposes of the corporation; (ii) its powers shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charter shall be valid only when similarly filed and published; (iii) it shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and (iv) it shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of such Act. (3) All capital stock of the corporation shall be of one class, be issued for cash only, and be subscribed for by the Administrator. Payment for such capital stock shall be made from funds available for the purposes of this title.

(e) Any department, agency, or establishment of the Government (including, whenever used in this title, any corporation which is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 114 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed 100 may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than 25 may be compensated at a rate in excess of $10,000 per annum, but not in excess of $15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (U.S.C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of $50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed $10 per diem in lieu of subsistence and other expenses while so employed.

(f) The Administrator may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

Functions of Administrator

SEC. 105.

(a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this title (1) review and appraise the requirements of participating countries for assistance under the terms of this title; (2) formulate programs of United States assistance under this title, including approval of specific projects which have been submitted to him by the participating countries; (3) provide for the efficient execution of any such programs as may be placed in operation; and (4) terminate provision of assistance or take other remedial action as provided in section 118 of this title.

(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other; (2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision; (3) whenever the Administrator believes that any action, proposed action, or failure to act on the part of the Secretary of State in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with the Secretary of State and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714) as amended, shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

Advisory Council

SEC. 106.

Section 4. (a) of the Bretton Woods Agreements Act (59 Stat. 512, 513) is hereby amended to read as follows:

"Sec. 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the 'Council'), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and during such period as the Economic Cooperation Administration shall continue to exist, the Administrator for Economic Cooperation."

Public Advisory Board

SEC. 107.

(a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed twelve additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this title, a per diem allowance of $50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conference held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual travel expenses and not to exceed $10 per diem in lieu of subsistence and other expenses.

(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

US Representative Abroad

SEC. 108.

There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief

of mission, class I, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the representative of the Administrator, and shall also be the chief representative of the United States Government to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this title. He may also be designated as the United States representative on the Economic Commission for Europe. He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 105 of this title. He shall coordinate the activities of the chiefs of special missions provided for in section 109 of this title. He shall keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the special missions provided for in section 109 of this title currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this title.

ECA Missions Abroad

SEC. 109.

(a) There shall be established for each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country.

(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the special mission and the United States Special Representative in Europe. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

Personnel Outside US

SEC. 110.

(a) For the purpose of performing functions under this title outside the continental limits of the United States the Administrator may—(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and (2) recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

(b) For the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

(c) No citizen or resident of the United States may be employed; or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title for a period to exceed three months unless such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator, and until the Secretary of State or the Administrator has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never been a member of any organization advocating contrary views. This subsection shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

Method of Assistance

SEC. 111.

(a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper. (1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (Seventy-ninth Congress) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, supply, or goods necessary for the purposes of this title. (2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that at least 50 per centum of the gross tonnage of commodities, procured within the United States out of funds made available under this title and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates. (3) Procurement of and furnishing technical information and assistance. (4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country. (5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—(1) by establishing accounts against which, under regulations prescribed by the Administrator—(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and monies due or to become due thereunder shall be assignable under the Aassignment of Claims Act of 1940 and shall constitute obligations of applicable appropriations); and (ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrange-

ments prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasure, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: Provided, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title. (2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury. (3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media: Provided, That the amount of such guaranties in the first year after the date of the enactment of this Act does not exceed $15,000,000), which guaranties shall terminate not later than fourteen years from the date of enactment of this Act: Provided, That (i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator and shall be limited to the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof: Provided, That, when any payment is made to any person under authority of this paragraph, such currencies, or credits in such currencies, shall become the property of the United States Government; (ii) the Administrator may charge a fee in an amount determined by him not exceeding 1 percent per annum of the amount of each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and (iii) as used in this paragraph, the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

The total amount of the guaranties made under this paragraph (3) shall not exceed $300,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section when necessary to discharge liabilities under any such guaranty.

(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title. (2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate $1,000,000,000 (i) for the purpose of allocating funds to the Export-Import Bank of Washington under this paragraph during the period of one year following the date of enactment of this Act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guaranties made pursuant to such paragraph (3) have expired or have been discharged. Such notes shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington under this paragraph, the administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of one year from the date of enactment of this Act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: Provided, That, to the extent required for such purpose, amounts received in repayment of pirncipal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

Protection Of Economy

SEC. 112.

(a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 25 percent of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

(d) The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following: (1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: Provided, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title. (2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.

(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 per centum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

(g) No export shall be authorized pursuant to authority conferred by section 6 of the Act of July 2, 1940 (54 Stat. 714), including any amendment thereto, of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the Act of July 2, 1940, as amended, determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: Provided, however, That such export may be authorized if such department, agency or officer determines that such export is otherwise in the national interest of the United States.

(h) In providing for the performance of any of the functions described in subsection (a) of section III, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

Reimbursement To Agencies

SEC. 113.

(a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: Provided, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: And provided further, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law, or (a) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

Authorization of Appropriations

SEC. 114.

(a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate $1,000,000,000 to carry out the provisions of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: Provided, however, That for carrying out the provisions and accomplishing the purposes of this title for the period of one year following the date of enactment of this Act, there are hereby authorized to be so appropriated not to exceed $4,300,000,000. Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorization in this title is limited to the period of twelve months in order that subsequent Congresses may pass on any subsequent authorizations.

(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

(e) The unencumbered portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of $3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provision of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

Bilateral, Multilateral Untertakings

SEC. 115.

(a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: Provided, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for (1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food; (2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system; (3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries; (4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into appropriate use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions; (5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country; (6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis. Such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistanace to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be held or used within such country for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this title, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States; (7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title; (8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the

use of assistance provided under this title; (9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by agreeing to negotiate (a) a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the participating countries, and (b) suitable protection for the right of access for any person as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) an agreed schedule of increased production of such materials where practicable in such participating countries and for delivery of an agreed percentage of such increased production to be transferred to the United States on a long-term basis in consideration of assistance furnished by the Administrator to such countries under this title; and (10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the three months after the date of enactment of this Act, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if (1) such country signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section; Provided, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to ensure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

(e) The Administrator shall encourage arrangements among the participating countries in conjunction with the International Refugee Organization looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title.

(f) The Administrator will request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

(g) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

Western Hemisphere

SEC. 116.

The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish.

Duties Of The Administrator

SEC. 117.

(a) The Administrator, in furtherance of the purposes of section 115 (b) (5), and in agreement with a participating country, shall, whenever practicable, promote, by means of funds made available for the purposes of this title, an increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

(c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones, funds made available for the purposes of this title shall be used insofar as practicable by the Administrator, under rules and regulations prescribed by him, to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participation country receiving assistance under this title in the form of grants or any of the zone of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones. Where practicable the Administrator is directed to make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designed shipping point of consignee. The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and relief packages.

(d) The Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities which go into the production of any commodity for delivery to any non-participating European country which commodity would be refused export licenses to those countries by the United States in the interest of national security. Whenever the Administrator believes that the issuance of a license for the export of any commodity to any country wholly or partly in Europe which is not a participating country is inconsistent with the purposes and provisions of this title, he shall so advice the department, agency, or officer in the executive branch of the Government exercising the authority with respect to such commodity granted to the President by section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended, and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

Termination Of Assistance

SEC. 118.

The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

Exemption From Laws

SEC. 119.

When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 120.

Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 107 (a), as a member of an advisory committee appointed pursuant to section 107 (b), as an expert or consultant under section 104 (e), or as an expert, consultant, or technician under section 124 (d), shall not be considered as service or employment bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U.S.C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U.S.C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, preceding, or matter involving the United States.

United Nations

SEC. 121.

(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this title, and may make payments, by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities. Nothing in this title shall be construed to authorize the Administrator to delegate to or otherwise confer upon any international or foreign organization or agency any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

(b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this title.

(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementation of the purposes of this title, shall be registered with the United Nations if such registration is required by the Charter of the United Nations.

Termination Of Program

SEC. 122.

(a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 111 of this title are no longer necessary for the accomplishment of the purposes of this title, whichever shall first occur, none of the functions authorized under such provisions may be exercised; except that during the twelve months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this title may be obligated during such twelve-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating operations under this title.

(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the twelve months following such date, the powers, duties, and authority of the Administrator under this title may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

SEC. 123.

The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all operations under this title have been completed, shall transmit to the Congress a report of operations under this title, including the text of bilateral and multilateral agreements entered into in carrying out the provisions of this title. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 124.

(a) There is hereby established a joint congressional committee to be known as the Joint Committee on Foreign Economic Cooperation (hereinafter referred to as the committee), to be composed of ten members as follows: (1) Three members who are members of the Committee on Foreign Relations of the Senate, two from the majority and one from the minority party, to be appointed by the chairman of the committee; two members who are members of the Committee on Appropriations of the Senate, one from the majority and one from the minority party, to be appointed by the chairman of the committee; and (2) Three members who are members of the Committee on Foreign Affairs of the House, two from the majority and one from the minority party, to be appointed by the chairman of the committee; and two members who are members of the Committee on Appropriations of the House, one from the majority and one from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman from among its members.

(b) It shall be the function of the committee to make a continuous study of the programs of United States economic assistance to foreign countries, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of the programs of United States economic assistance to foreign countries; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Administrator, at the request of the committee, shall consult with the committee from time to time with respect to his activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman.

Separability Clause

SEC. 125.

If any provision of this Act or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

TITLE II

SEC. 201.

This title may be cited as the "International Children's Emergency Fund Assistance Act of 1948."

SEC. 202.

It is the purpose of this title to provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

SEC. 203.

The President is hereby authorized and directed any time after the date of the enactment of this Act and before July 1, 1949, to make contributions (a) from sums appropriated to carry out the purposes of this title and (b) from sums appropriated to carry out the general purposes of the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), as amended, to the International Children's Emergency Fund of the United Nations for the special care and feeding of children.

SEC. 204.

No contribution shall be made pursuant to this title of such joint resolution of May 31, 1947, which would cause the sum of (a) the aggregate amount contributed pursuant to this title and (b) the aggregate amount contributed by the

United States pursuant to such joint resolution of May 31, 1947, to exceed whichever of the following sums is the lesser: (1) 72 per centum of the total resources contributed after May 31, 1947, by all governments, including the United States, for programs carried out under the supervision of such Fund: Provided, That in computing the amount of resources contributed there shall not be included contributions by any government for the benefit of persons located within the territory of such contributing government; or (2) $100,000,000.

SEC. 205.

Funds appropriated for the purposes of such joint resolution of May 31, 1947, shall remain available through June 30, 1949.

SEC. 206.

There is hereby authorized to be appropriated to carry out the purposes of this title for the fiscal year ending June 30, 1949, the sum of $60,000,000.

TITLE III

SEC. 301.

This title may be cited as the "Greek-Turkish Assistance Act of 1948."

SEC. 302.

In addition to the amounts authorized to be appropriated under subsection (b) of section 4 of the Act of May 22, 1947 (61 Stat., 103), there are hereby authorized to be appropriated not to exceed $275,000,000 to carry out the provisions of such Act, as amended.

SEC. 303.

(a) Subsection (a) of section 4 of such Act of May 22, 1947, is hereby amended by adding at the end thereof the following: "The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate $50,000,000, to carry out the provisions of this Act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose."

(b) Subsection (b) of section 4 of the said Act is hereby amended by inserting after the word "repaid" the following: "without interest."

SEC. 304.

Subsections (2) and (3) of section 1 of such Act of May 22, 1947, are hereby amended to permit detailing of persons referred to in such subsections to the United States Missions to Greece and Turkey as well as to the governments of those countries. Section 302 of the Act of January 27, 1948 (Public Law 402, Eightieth Congress), and section 110 (c) of the Economic Cooperation Act of 1948 (relating to investigations of personnel by the Federal Bureau of Investigation) shall be applicable to any persons so detailed pursuant to such subsection (2) of such Act of 1947: Provided, That any military or civilian personnel detailed under section 1 of such Act of 1947 may receive such station allowances or additional allowances as the President may prescribe (and payments of such allowances heretofore made are hereby validated).

TITLE IV

SEC. 401.

This title may be cited as the "China Aid Act of 1948."

SEC. 402.

Recognizing the intimate economic and other relationships between the United States and China, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in China endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. It is the sense of the Congress that the further evolution in China of principles of individual liberty, free institutions, and genuine independence rests largely upon the continuing development of a strong and democratic national government as the basis for the establishment of sound economic conditions and for stable international economic relationships. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to China, it is declared to be the policy of the people of the United States to encourage the Republic of China and its people to exert sustained common efforts which will speedily achieve the internal peace and economic stability in China which are essential for lasting peace and prosperity in the world. It is further declared to be the policy of the people of the United States to encourage the Republic of China in its efforts to maintain the genuine independence and the administrative integrity of China, and to sustain and strengthen principles of individual liberty and free institutions in China through a program of assistance based on self-help and cooperation: Provided, That no assistance to China herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that assistance provided by the United States under this title should at all times be dependent upon cooperation by the Republic of China and its people in furthering the program: Provided further, That assistance furnished under this title shall not be construed as an express or implied assumption by the United States of any responsibility for policies, acts, or undertakings of the Republic of China or for conditions which may prevail in China at any time.

SEC. 403.

Aid provided under this title shall be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title. It is not the purpose of this title that China, in order to receive aid hereunder, shall adhere to a joint program for European recovery.

SEC. 404.

(a) In order to carry out the purposes of this title, there is hereby authorized to be appropriated to the President for aid to China a sum not to exceed $338,000,000 to remain available for obligation for the period of one year following the date of enactment of this Act.

(b) There is also hereby authorized to be appropriated to the President a sum not to exceed $125,000,000 for additional aid to China through grants, on such terms as the President may determine and without regard to the provisions of the Economic Cooperation Act of 1948, to remain available for obligation for the period of one year following the date of enactment of this Act.

SEC. 405.

An agreement shall be entered into between China and the United States containing those undertakings by China which the Secretary of State, after consultation with the Administrator for Economic Cooperation, may deem necessary to carry out the purposes of this title and to improve commercial relations with China.

SEC. 406.

Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation is made pursuant to section 404, to make advances, not to exceed in the aggregate $50,000,000, to carry out the provisions of this title in such manner and in such amounts as the President shall determine. From appropriations authorized under section 404, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advance made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

SEC. 407.

(a) The Secretary of State, after consultation with the Administrator, is hereby authorized to conclude an agreement with China establishing a Joint Commission on Rural Reconstruction in China, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of China appointed by the President of China. Such Commission shall, subject to the direction and control of the Administrator, formulate and carry out a program for reconstruction in rural areas of China, which shall include such research and training activities as may be necessary or appropriate for such reconstruction: Provided, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

(b) Insofar as practicable, an amount equal to not more than 10 per centum of the funds made available under subsection (a) of section 404 shall be used to carry out the purposes of subsection (a) of this section. Such amount may be in United States dollars, proceeds in Chinese currency from the sale of commodities made available to China with funds authorized under subsection (a) of section 404, or both.

Approved April 3, 1948.

China's Industrial Cooperatives

Rose Yardumian

FROM the fringe of the Gobi to the borders of Tibet, the idea of cooperation has been set down in many parts of rural China by the Chinese Industrial Cooperatives. In some areas the idea has taken root quickly; in some it is still struggling to survive. In others cooperatives have failed due to economic difficulties. The aim of the Indusco movement is to raise the living standards of the villages of China through the introduction of small-scale industry. Eighty-five percent of China's rural population still exists on a margin just above the starvation level. If part of this peasant population could be organized into rural cooperative industries, the pressure on the land would be eased. At the same time villages would begin to enjoy prosperity through increased production and a consequent rise in purchasing power and living standards. While still in their infancy, the cooperatives offer one solution to the gradual introduction of mechanized industry into the rural areas.

It was just 10 years ago in Shanghai that a group of Chinese and foreigners conceived the idea of organizing industrial cooperatives in the hinterland. This group believed that through the organization of cooperatives it would be possible to absorb the thousands of idle refugees fleeing the Japanese and at the same time to aid production in the war of resistance. Refugees and peasants pooled their skills, their tools and what little capital they had to build an industrial base. The cooperatives produced blankets, shoes, paper, looms, matches, textiles, bricks and small machines for markets cut off from the outside world. As part of the resistance movement they played a heroic role.

Sharp Drop

The months after VJ Day saw a sharp drop in the number of cooperatives, as many of the refugee members returned to the coastal cities. However, a nucleus of 316 cooperatives continued. The many economic difficulties in the way of postwar development made it clear that until more favorable conditions prevailed in China, it would be necessary to concentrate whatever resources were available on holding and improving gains already made. Therefore the emphasis at present is on training and education—on cooperative principles and the introduction of simple technical improvements which will increase production.

Today the Indusco movement has 316 cooperatives and 14 federations (organization of group of local cooperatives to handle buying and marketing of supplies) scattered throughout rural China from Likiang in far west Yunnan to Lanchow in the Northwest and Kukong in the South. Partly handicraft and partly mechanized, the cooperatives cover a wide range of rural industries from paper-making and leather tanning, to machine shops, oil pressing, rice milling and textiles.

Each of these cooperative units is actually a school room in democracy, for the members elect their own chairmen and managers, settle their own wages according to the volume of business and divide the profits at the end of the year. Profits are divided in the following way: 20 percent for reserves (purchase of raw materials); 20 percent for common good fund (welfare services such as clinics, first-aid stations and literacy classes); five to 10 percent as a bonus to the employed staff; 50 to 55 percent as wages to cooperative members. The cooperatives are small in size with membership ranging from seven to 100 members in most cases. The total membership includes about 5,000 people.

Shantan Bailie School

It was towards the end of the war in 1944 that Rewi Alley, whose efforts in the organization of cooperatives were so largely responsible for the development of the Indusco movement, decided to concentrate his energies on developing a training school at Shantan. Christopher Rand, *New York Herald Tribune* correspondent, who visited the school last fall said, "One of the most heartening sights in present-day China is to be found in this small and backward northwestern town (Shantan) on the edge of the Gobi desert. It is the Bailie School of the Chinese Industrial Cooperatives, whose purpose is to train young men to lead the industrialization of China along cooperative lines." It was Rewi Alley's conviction that early attempts to use university graduates from the large cities for cooperative work were not satisfactory, as these workers were regarded with suspicion by the peasants. As a result Alley has taken into the Bailie School 270 boys and eight girls from peasant families. These young trainees who range in age from 10 to 20 are instructed in the use of simple machines suitable for village industry and in the rudiments of democratic practice and cooperative theory. The idea is that these young people in whom a respect for the dignity of manual labor has been instilled will upon completing their training return to the villages from which they came and start industrial cooperatives to raise the standard of production and consequently the livelihood of the peasants.

Most of the trainees are war orphans who come from all parts of China. Life at the school is rigorous; each trainee must pass through a period of six month's apprenticeship in one of the projects. During this period apprentices are judged on their initiative, their ability to work hard and endure difficulties and their adaptability. About half the time is spent on formal training, including the study of Chinese, English (particularly technical English), mathematics, chemistry, physics, and the principles of cooperation. The other half of the time is spent working on the projects which make up the training center —textiles, leather tanning, rug-making, paper-making, pottery, machine shop, electrical work, farming, and more recently, an irrigation and coal mining project. In the planning and building of most of these projects, the students participate to a very large degree; in some cases, such as in the pottery project, they are solely responsible. When these students are ready to go into the cooperatives, they will not only be able to introduce technical improvements, but they will also be able to correct organizational weaknesses and teach the peasant cooperators scientific methods of production.

The Shantan training center also accepts cooperative members who wish to improve their technical skills. The Likiang cooperatives, for example, have sent several members to Shantan for study. Two members, after a period of study at Shantan, returned to Likiang and introduced advanced methods of leather tanning learned at Shantan. The chairman of a dyeing cooperative in Likiang went to Shantan to study dyeing and textile production under the guidance of Reva Esser, Canadian textile expert. A little over a year ago his cooperative in Likiang had closed its doors and put its last reserves into his hands telling him to go out and learn improved methods. Since the return of the chairman of this cooperative to Likiang, the cooperative has reopened.

Send Teams

In addition to Shantan, training work is also carried on among the cooperative members by sending educational teams direct to the membership. In the last year two such teams have visited the cooperatives in Szechuan and Hunan. It was the aim of these teams to refresh cooperative members and field staff on cooperative principles and to report on the greatest needs of the cooperatives.

Field reports and inspection visits indicate that the great needs continue to be capital and technical equipment. Cooperatives have never been adequately capitalized with the result that there are no reserves of

raw material on which they can fall back. In an inflationary period this situation becomes very serious, for it means that very often the sale of finished products does not bring in enough money in time to buy an adequate supply of raw materials for continued production. Such conditions work especially hard against the co-operatives.

The technical needs of the co-operatives go hand in hand with the need for capital. In 1946 the China Welfare Fund made a special grant to the CIC (Chinese Industrial Co-operatives) for the purchase of a rice-mill for the rehabilitation of a Shaoyang cooperative. This machine was planned and constructed under the supervision of a CIC technician. American engineers at the Agricultural Industries Service base in Shaoyang say that it is one of the best small rice mills to be seen in all of China. Needless to add, this cooperative is doing good business. In 1947 Amindusco (American Committee in Aid of Chinese Industrial Cooperatives) sent dairy equipment to China for a cooperative in Erhyuan in Yunnan (three days from Kunming). The butter produced in this cooperative is not only used locally in Erhyuan but in Kunming and Shanghai as well. The cost of production in Erhyuan is so cheap that it is possible for the co-operative to fly the butter from Kunming to Shanghai and still make a profit. Unfortunately these cases of adequately mechanized cooperatives are still too isolated. But the example of these two shows what can be done when simple adaptable machinery is made available.

Advisory Organization

Advising the 316 cooperatives is a field staff of 38 workers stationed in 16 depots in various parts of the country with a small administrative headquarters in Shanghai. This group makes up the staff of the Association for the Advancement of Chinese Industrial Cooperatives. Thus the depot is the unit of the advisory organization while the federation is the indigenous unit of the cooperatives themselves. The depot functions through the field staff whose work includes the organization of the cooperatives, instruction in accounting, aid in developing business and education in the practical application of cooperative principles. As the cooperative membership is made up mainly of peasants and rural workers, many of the members are illiterate or semi-illiterate and require the services and guidance of the field staff. In time it is expected that the co-operative movement will produce its own leadership and that local federations will be able to form a national federation and the present advisory organization would then go out of existence. But in explaining the very great need for the present corps of 38 field workers, it is perhaps helpful to recall that the British cooperative movement had a promotional staff for almost 80 years before the cooperatives were able to stand alone and develop leadership from within their own ranks.

To the depot master cooperative members also come with problems of health and education for their children. While some of the cooperatives have first-aid stations and clinics and a few have literacy classes and schools, there is a need for further work along these lines. The 20 percent which the members set aside for their common good fund is not adequate to care for their needs. As a result the depot-master must use his ingenuity in tapping local resources or appealing outside for funds for these services.

School Established

There is a little village in western Fukien, Han Chien Pao, a full day's walk from Changting. This village consists of a cluster of mud houses resting snugly in a pleasant valley between bamboo-covered mountains. It is on these mountain slopes that a number of paper-making cooperatives are located. Last fall these paper makers came to the depot master with the problem of schooling for their children. These members have very little money; but pooling together what little they could, with the help of the depot master, they were able to arrange for the establishment of a one-room one-teacher school. There were a few members who could not afford to pay anything; but they too wanted to help and did so by each contributing 75 pounds of rice, which they really could not spare, towards the maintenance of the teacher. Like many of the cooperative centers, Han Chien Pao is so isolated that there would be no educational facilities of any kind for the children if the members had not combined their meager resources and received help from the local depotmaster.

Liang Hsiao-chi is a young printer from Kweilin whose family were tenant farmers, too poor to give him more than two years in a primary school. After many difficulties he managed to become an apprentice in typesetting at the age of 12. He found the work very hard, having to work 12 hours every day. In April 1946 Liang joined the Kweilin printing cooperative first as an apprentice and later became a full member. When asked what he thought about the cooperative movement, Liang said, "I believe that the cooperative system is much needed in our national reconstruction. I believe this because there is no squeeze and no slave-like relationship among the members. The members work for the group and the benefits are shared by the group. There is no room for one person to squeeze another. So I think that in order to industrialize our nation and raise the standard of living of the people, we must make the co-operative movement a nation-wide movement."

Lee Dung Shen is a young Hunanese spinner, a member of the Shaoyang (Hunan) Fifth Spinning and Weaving Cooperative. Recently this cooperative has been having serious business difficulties. There was some danger that the cooperative would have to close because of lack of capital. The members met to have a talk as to what to do. There was only enough money to buy raw materials to keep four of the nine members fully employed. All of the nine members wished to remain as cooperative members. Finally it was decided that five should take jobs outside as an emergency temporary measure and that they would return to the cooperative as soon as business improved. All of the members in this cooperative were married and had several children to support except Lee Dung Shen, who was newly married. Lee's wife lived in the country outside of Shaoyang with an uncle. Lee, who was one of the members planning to leave the cooperative temporarily, went to visit his wife and during his visit told his uncle about the difficulties which his cooperative was having. He told his uncle that he had a plan whereby he could help his cooperative. Lee's uncle listened patiently and told Lee not to worry about feeding his wife. Furthermore, he told Lee that he must help his cooperative for the cooperative had been good to him. Lee returned to Shaoyang and as his reputation as a skilled spinner was widely known had no difficulty in securing a job. Then he proceeded to carry out his plan for helping his cooperative. He deposited all his wages with the co-operative, small though they were, *at no interest*, as a fund with which the cooperative could begin to stockpile raw materials. His explanation of his action was, "When I help my cooperative, I am helping myself."

Progress Made

While there is still an enormous job ahead, these stories show that progress in cooperation is being made. In the past, support has come from many sources—loans from the Government and gifts of money, machinery and technicians from Amindusco in the US, United Service to China, British United Aid to China and other groups in England, the New Zealand Council for the Organization of Relief Services Overseas (Corso), the Agricultural Industries Service, the China Welfare Fund, the Friends' Service Unit, overseas Chinese in Manila and Singapore and from many others. The International Committee in Aid of Chinese Industrial Cooperatives which is located in Shanghai is the agency responsible for handling these gifts and funds from abroad. The International Committee together with the Association for the Advancement of Chinese Industrial Cooperatives (the administrative body supervising field work) coordinates and guides the work of the co-operatives. In spite of present difficulties, it is important that this work continue because it is tackling a very basic problem—the problem of raising the standard of living of the peasants—on which depends the healthy development of China.

COMMITTEE REPORT ON CHINA AID

THE Committee for a Democratic Far Eastern Policy, with a membership composed of recognized Far Eastern experts, writers, correspondents, missionaries and citizens interested in promoting better relations with the Far East, having been denied an opportunity to testify on aid to China before the House Committee on Foreign Affairs, presents the following statement on its position for your record.

1. The program of aid to China as proposed to Congress by President Truman on February 18, 1948, does not really aid China or the Chinese people. It aids only the Civil War in China. Any aid given, according to the present proposal, would only be used to further civil war and aggravate the suffering of the Chinese people, as was admitted by President Truman when he said that the $570,000,000 grant would free Chinese government dollar balances for other "most urgent," i.e. military, needs.

2. The proposal is a violation of the policy of our government as formally put forward by President Truman himself in his statements on China of December 15, 1945, and December 18, 1946. These pledge non-interference in the internal affairs of China: that "United States support would not extend to United States military intervention to influence the course of any Chinese internal strife;" and that the United States would prepare to assist the National Government only "as China moves toward peace and unity." The proposed new violation of the high-minded policies as stated by the head of our government will cause a further deterioration of our country's prestige in the eyes of the Chinese people. They will be confirmed in the already too prevalent view, in China, that we are hypocrites, that our mouths drip honey while our hands dabble in the blood of Chinese men, women and children, victims of a civil war that could not continue without our interference.

3. The war in China, contrary to the statements of our generals, is not one between Communism and democracy. It is a conflict in which the Chinese people seek to free themselves from feudalistic oppression. Chiang Kai-shek has ruled China with an autocratic hand for more than 20 years, with no democratic elections, no democratic constitution and no civil liberties. His rule has plunged the country into continuous chaos, corruption and civil war. Our support to Chiang's regime changes the United States, in the eyes of the Chinese people, from a peace-seeking, democratic country, to a defender and supporter of corruption and dictatorship obstructing their liberation from feudalism.

4. According to estimates made by this Committee from published information, our government has given the Chiang Kai-shek Government, since VJ Day, well over US$4,000,000,000 in financial and military aid.

This statement, expressing the views of the Committee for a Democratic Far Eastern Policy on American aid to China was released recently in the United States. The Committee claims that it was denied a chance to present its views, as a recognized group of authorities on the Far East, before the House of Representatives' Foreign Affairs Committee. Further, the Committee charges, the Foreign Affairs Committee listened to testimony which was predominently on one side of the extremely controversial question of aid to China. For these reasons, the Committee sent a formal written report to Congress and also released it to the press. In view of the fact that this section of American opinion was not adequately represented in press dispatches from America in recent weeks, we are publishing the Committee's report. For background information, the Committee is composed of a large number of authors, missionaries, newspapermen, and others with a knowledge of and interest in the Far East. The Committee has almost consistently taken an extremely liberal view during the past few years of its existence.—Editor.

Of the direct military aid, two figures have recently been revealed by the State Department:

Sale of 1,071 airplanes and training of Chinese air personnel US$300,000,000.00.

Other military aid from VJ Day to July 1947, US$777,638,292.55. These alone total over $1,000,000,000. It does not include the cost of training and arming a number of Chiang's divisions, the transfer of 271 ships, large quantities of surplus war materials, etc., since VJ Day.

Despite all this aid, Chiang's military, political and economic situation is more desperate than ever. General Chennault, who considers the President's proposal insufficient and urges more military aid admits that "substantial portions of the equipment which needs a continuous supply of ammunition and parts to remain serviceable—have already fallen into the hands of the Communists." It is the considered opinion of this Committee that as the Chinese Government remains in the hands of Chiang Kai-shek's decaying regime, American help, in no matter what quantities, will be wasted or go to line the pockets of corrupt officials.

5. The sentiment of nationalism is particularly strong in China. Outside interference, from our country or from any other country, is bitterly resented. This Committee realizes that further American intervention in China can only turn her entire population against us.

6. This Committee is interested in seeing prosperous trade relations develop between the United States and China. Under present circumstances, the idea of American businessmen that a virtually inexhaustible postwar market exists among 450,000,000 potential Chinese customers is fading rapidly. We believe that there will be no markets in China, for goods or investment, until the Civil War ends and the goodwill of the Chinese people is restored. American aid to Chiang has already resulted in a statement by other parties—the Communists, the Democratic League, and the Kuomintang opposition center at Hongkong—that they will repudiate the Sino-American Commercial Treaty and all loans to Chiang for civil war, and claim damages for such aid to him whenever they come to power. These parties constitute the already substantially victorious coalition that will make up China's future government. A China engaged in peaceful reconstruction, whatever her leadership, will need imports of machinery, goods and technical skills from outside—many of which the United States alone is capable of providing in quantity. But US aid to Chiang has already raised crises which must be settled before such future trade can begin. Making Chinese fearful of our interference in their internal affairs, will tend to make them seek other trading partners wherever they can get them—unless we abandon the present policy.

7. If our government continues to pursue its present course, and acts according to the advice of some of our generals, the sending of American combat troops to China will inevitably follow. Even such frivolous and criminal sacrifice of American lives will, in the opinion of this Committee, be ineffective in keeping Chiang in power. History shows that no external aid has ever preserved an unpopular, corrupt and inefficient government against a people already in arms against it. We are already taking the first steps which may lead to American blood, as well as American dollars, being poured down the Chinese drain for purposes alien to the national feelings and real needs of rank-and-file Americans, whether workers, farmers or businessmen.

Believing that our government's China policy is both wasteful and harmful, we urge that we remain neutral as our own explicit promises and morality require; and "subscribe to the principle that the management of internal affairs is the responsibility of the peoples of the sovereign nations," as publicly stated by President Truman on December 15, 1945.

We urge that no loans, no arms be supplied to China until the Civil War is ended, that US military personnel training and advising Chiang's forces be withdrawn, and that we let the Chinese people settle their own affairs and act to restore once more the traditional friendship between them and ourselves.

China Relief Mission

JAMES A. HUNTER

The author is North China Regional Director of the China Relief Mission.

THIS spring China is embarking on an ambitious flour and rice rationing program which is expected to reach 11,000,000 people in five great cities. The grain rationing is part of a US$49,000,000 relief program which will reach far into the interior of this vast country.

It has taken almost a year of planning and negotiating to arrive at the actual operation of China's first attempt at large scale food rationing. Now that the time has arrived an even more difficult task faces the five cities, the Chinese administrative groups and the American China Relief Mission who are all cooperating to make the rationing and its resulting relief program a success in four short months.

A year ago this spring Chinese officials approached American representatives with the request that China be included in the European Relief Program then being discussed in the United States Congress. The American officials expressed doubt of the possibility that China could be included because the plan then in process of legislation was aimed at immediate relief needs in Europe. Also it was feared that the widespread criticism of certain phases of the UNRRA operation would cause unfavorable reaction to the inclusion of China in such a program.

The Chinese Government then set about to draw up a plan that would be acceptable to the United States—one that could operate effectively and efficiently and would contribute the widest possible benefits to China.

The result was the Sino-American Relief Agreement which was signed October 27, 1947. The money to be used was authorized by Congress in the relief assistance act passed May 31, 1947. The United States agreed to buy and ship to China US$4,000,000 worth of medical supplies; rice, wheat and flour at an estimated cost of US$27,000,000. On December 17, 1947, the European Interim Aid Bill added US$18,000,000 to buy food, petroleum products, fertilizer, seeds and insecticides.

EYCARS Formed

To administer the program the Chinese Government set up the Executive Yuan Commission for American Relief Supplies under the chairmanship of Y. T. Miao. The United States Government established the China Relief Mission to carry out its obligations. The Chinese branch, usually referred to as EYCARS, has its headquarters in Nanking and China Relief Mission in Shanghai.

The first phase of the program, the rationing of flour and rice, as worked out in discussions between the Chinese and Americans was presented to the mayors of Nanking, Shanghai, Peiping, Tientsin and Canton at a conference in Nanking. It was approved by the mayors and later on February 28 by the Executive Yuan.

For each of four months one tou of rice or 15 catties of flour will be rationed for sale at a fixed monthly price to every resident of the five cities. Half of the food is provided by the United States and half from the Chinese Ministry of Food. The cities are issuing rationing cards to each citizen or family unit. Shanghai started rice rationing in March; the other four cities started their programs in April.

Mayor Tu Chien-shih is issuing ration cards to Tientsin residents, and the ration shops have been investigated and selected. The April prices of flour for Tientsin was set at CNC$43,400 on the basis of the price of flour there the last five days in March at a rate five percent below the market price on those days. I have heard complaints that the five percent difference is not sufficient to allow the average resident of Tientsin to buy the ration he is allowed.

Objectives

To understand the reason for this figure, it is necessary to know the objectives of the rationing. The rationing itself is not intended as a direct relief measure. The funds from the sale of the American half of the rationed flour will be used for selected welfare and rehabilitation projects that in themselves will be relief projects.

The purpose of the rationing is to insure that all classes of the population have the opportunity to buy the flour and the feeling of security that knowing the flour is available will give them. Without these supplies, there is not enough food available for all to have an equitable amount to eat. The fixed price will keep the price of rationed flour at the same level all month. As has already been discovered in Shanghai, where full rationing is now underway after having been started on a partial scale March 1, difference between the rationed price and the open market price increased with each passing day of the month. By March 9 the free market rice cost 20 percent more than the rationed rice.

By shipping in the American flour only to the five large cities near the coast, an elaborate transportation system does not need to be established farther inland. Also the local grain can then be used closer to its source or to relieve shortages in more nearby areas.

The Sino-American Relief Agreement specifically points out that "in permitting United States relief supplies to be used in support of Chinese efforts to improve consumption and price controls, it is understood that the United States Government undertakes no responsibility for the success of these urban programs." However, the United States and the people who have been assigned to consult, advise and supervise in connection with the use of the American supplies and the resulting funds are definitely concerned with having the program work. They are concerned with relieving the food situation as much as possible within the limitations of the program and they consider the program an essential one for the training it will give Chinese administrators and the people themselves in rationing procedure.

China Relief Mission is concerned with helping voluntary and Government organizations learn the procedure of handling well-organized and well-screened welfare and rehabilitation projects.

These projects fall into two categories—medical, which will use the US$4,000,000 medical supplies as well as some of the proceeds from food sales, and non-medical welfare activities, which will use the food sales funds alone and relief supplies other than food. Some of the projects already are underway, operating with money advanced against the future sales. All organizations wanting money must present detailed plans for its use for screening by an over-all planning and policy committee set up by EYCARS with equal governmental and voluntary agency representation.

Projects Included

Projects include the distribution of food, assistance to orphanages and child welfare programs, care of the aged, work relief funds for restoration of charitable institutions and properties, the establishment of refugee relief centers and other direct relief programs. A number of especially selected projects started by UNRRA but requiring further aid for completion will receive support. Included in this category are several dike repair and conservation projects. A limited number of agricultural rehabilitation projects will be undertaken in selected areas. Imported materials for support of these activities will include fertilizers, seeds and insecticides

Months of work and planning have gone into the rationing and relief project programs. The Chinese Government has made every effort to select top workers for the administration of the program. The mayors of the five cities daily are surmounting tremendous difficulties to put into operation rationing which will reach all of their people. They want the plan to be a successful one. The United States is equally concerned with its success. Understanding of the aims and ideas is of primary importance both to the program workers and to those who are expected to benefit from it—the people of China.

TIME SERVICE

In accordance with Government decision "Summer Time" will begin at midnight 30 April/1 May, in consequence of which all clocks should be ADVANCED BY ONE HOUR (i.e. 12.00 to 1.00).

Telephone users are notified that in line with this decision announcements from Time Service (95678) will also be ADVANCED BY ONE HOUR.

To avoid overloading the telephone service, telephone users are urged not to call Time Service (95678) for confirmation of this change, but to merely ADVANCE their timepieces by ONE HOUR at their convenience.

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Federal Inc., U.S.A.
Telephone No. 94090
232 Kiangse Road (C).

The Week's Business

THE week under review (April 21 to 28) showed an obvious increase in the tempo of China's money inflation despite unchanged official exchange rates. As one local businessman put it: "You may understand movements on the black exchange market by watching the prices of American cigarette prices; they don't follow the law of supply and demand but simply the black market."

While official exchange rates again are very unrealistic indeed, interest of business quarters was focussed on political developments rather than pure business matters. Brokers even claimed that movements on the Stock Exchange reflected news from Nanking concerning the election of China's vice president. At the time of writing this review the outcome of the election is still unknown, but inquiries carried out among Shanghai financial quarters demonstrated that General Li was their favorite.

With news and rumors in connection with the vice presidential election impressing almost all sectors of the market, another news item was hardly observed: after having negotiated the new American loan in Washington, Pei Tsu-yee returned to Nanking where he is to report on his trip. It is believed that Mr. Pei will also report on Washington's views on a Chinese currency reform.

In this respect, however, views still diverge widely; there is much talk about currency reform and also about it being based on re-introduction of the silver standard, however Shanghai financial quarters believe that silver can help little and even gold could help only if the Civil War were terminated and budgets balanced. Nevertheless, on April 27 the Bulletin of the United Credit Information Bureau, connected with the four national banks, carried the following item:

"The Central Government is now making preparations to stabilize the value of the national currency and at the same time take measures to improve it.

"According to the opinion of Premier Chang Chun, the value of the currency should be stabilized before the reform of the system.

"The sale of government-operated enterprises is the first step toward the stabilization of the currency value.

"The proposals made by representatives in the National Assembly have been handed over by the Government to the Ministry of Finance for reference."

While discussions on the possibility and impossibility of a currency reform continued, the general financial situation also showed another symptom of deterioration: during the week ending April 24, no less than 16,885 checks were returned, their face value being CNC$569,283,028,835, an increase by CNC$62,200,000,000 above the face value of dishonored checks during the week before.

The money market which had been very easy during the first half of the week under review become tighter during the second half when "black" interest rates went up on the money market to 27 percent per month, compared with 24 percent at the beginning of the week. On the stock market, interest rates fluctuated around 30 percent.

Meanwhile, business in consumer goods was reported to have been slow recently as prices of various goods showed new increases. Rice, first quality, reached about CNC$4,000,000 per picul.

Textile markets were particularly erratic, as little can be foretold concerning further supplies of raw cotton and rayon. That raw cotton is included in the American aid program is certain, but speculation on the date of arrival of the first large shipment is still on.

Under such conditions it was not so amazing to see cotton yarn losing —on April 28 as much as CNC$4,000,000 for certain kinds—while at the same time rayon gained around CNC$6,000,000 per case.

Chemical markets, too, were impressed by uncertainties as to the delivery of industrial chemicals and dyestuffs in connection with the aid program. Prices of several products indeed were cheaper than at the beginning of the month.

Quotations

Stock	Apr. 21 CNC$	Apr. 28 CNC$
Wing On Textile	1,950	2,030
Mayar Silk	—	—
Commercial Press	600	605
Wing On Co.	580	600
Ewo Cotton	2,790,000	3,210
Bond C	109,000	135,000

Commodity	Apr. 21 CNC$	Apr. 28 CNC$
White Rice, first	3,900,000	3,900,000
Wheat Four	1,400,000	1,385,000
Peanut Oil	9,600,000	9,200,000
Raw Silk "C"	365,000,000	410,000,000
Jap. Rayon	234,000,000	256,000,000
Cot. Yn. (42)	234,000,000	233,000,000
Cot. Yn. (20)	140,000,000	140,000,000
Caustic Soda	92,000,000	93,000,000
Koo Pan Soap	5,700,000	5,730,000

US Magazine Roundup

New Republic

MICHAEL Straight answers some questions about ERP (the European Recovery Plan) in his article entitled, "ERP: Aid to Peace or Road to War?" which appears in the March 15 issue of the *New Republic*.

Pointing out that the Vandenberg European proposal represents "44 percent of the total imports of the 16 nations (involved) for the next four years, and a contribution in grants and loans of $185 by every American of voting age," Mr. Straight proceeds to subject it to six "searching" questions.

"Is ERP a recovery plan?" In answering this, Mr. Straight declares that "the program lacks reserves now. It can't complete the job. It will need to be supplemented by additional exports of coal, nitrates and capital goods. Its shift in emphasis makes recovery harder. But without this program, recovery in Europe will be impossible....

"Without ERP, Europe's standards will sink below the minimum level required to maintain free institutions. Government by force must take over as men turn into mobs and economic life breaks down. Because the Communists combine a willingness to use force with a social concept, most of Europe will turn to communism. But whether the dictatorship which takes over is of the Left or the Right, the loss for democracy and peace will be the same.

"Does ERP rebuild Germany? The answer to this is *yes*. For two years, under the Army's mandate of preventing 'disease and unrest' we have shipped more to Germany than to any other country except Britain, France and Italy. Under ERP, Germany moves up into third place, with stress on German industry. The 16 nations foresaw this in their report. 'It is essential,' they said, 'that both the participating countries and western Germany should be able to pay their way after 1951. If either achieves stability only at the expense of the other, the European economy will be unsound.' The State Department added, in its report on ERP, '....At the same time every precaution must be taken against a resurgence of military potential in Germany.' This is the real point. The economic threat has been largely overcome by the new agreement on the Saar.... The military-potential threat can be overcome only by real denazification and by internationalizing the Ruhr.

"Does ERP divide Europe? Europe is already divided. Perhaps the only way it can be reunited is through trade. The USSR has discouraged the economic dependence of Eastern Europe on the West.... But Europe can't live divided. Since the war, more than 71 trade agreements have been negotiated between Eastern and Western Europe.

"War devastation has been the real reason for loss of trade, cutting off Eastern shipments of coal, grain and timber, and preventing Western Europe from guaranteeing delivery dates on industrial goods.... (However,) America is withholding from Eastern Europe the equipment needed if that area is to increase its exports. This policy is in conflict with ERP.

Does ERP enslave Europe? There is an economic base for political independence in Europe. It does not exist today. As long as the 16 nations depend on American aid to make up ungovernable trade deficits, they are in (imperialist hands); inadequate aid, or no aid, will perpetuate their dependence and the power (of the controlling nation.) ERP is a means of establishing Western Europe's self-reliance and therefore its political independence. That certainly is the view of European labor. We shouldn't underestimate its ability to resist American pressures.

"Does ERP bypass the UN? The UN is the one place where the US and the USSR work together. Since the USSR is opposing all ERP aid, there is no possible way in which ERP can be brought under the UN. The best we can do at present is to keep ERP aid open to Europe and to reopen credits through the Export-Import Bank and the World Bank.

Is ERP the Truman Doctrine? A simple breakdown makes the answer 'no.' The Truman Doctrine means sending tanks and guns to Greece and Turkey and China to fight communism. ERP means sending food, fuel and machinery to raise Europe's standard.... ERP is one positive aspect of our (foreign) policy that is based on world unity and that can lead America and the UN back to One World. As such it deserves support.

"What are we to do? Under fire, the Administration and Vandenberg are giving ERP a political twist.... There is a lot to criticize in the Vandenberg bill and if necessary we shall go on criticizing. But, given this Congress, it's a great achievement and a major source of hope. Progressives may differ on ERP details. They can only agree that Europeans must be given aid and that there is no alternative to ERP aid this year. We'd like to see the bill improved.... (but) we think it's best to take the bill as it is and to work from it for good administration...."

Far Eastern Survey

IN her article, "Students in Kuomintang China," published in the January 14 issue of the *Far Eastern Survey*, Dorothy Borg traces the recent history of student agitation in China.

"The student agitation which began in May 1947 centered to a large extent on university problems. Although complaints varied.... there were certain demands, mainly economic, that recurred frequently, and bitter criticism was leveled at the national budget which allowed less than four percent for educational purposes and over 70 percent for the Civil War. Other oustanding grievances were the poor working and living conditions in the colleges, the amount and number of subsidies for students and the low pay of the teachers. In various parts of the country, members of the faculty had themselves been on strike from time to time during the postwar period. At present the real income of a professor in China has reached the appalling level of US$20 a month...."

Dr. Borg goes on to cite various recent instances of student demonstrations such as those which took place last year at the National Ying Shih University of Chekiang, the National Chiaotung University at Shanghai, etc., leaving out none of the facts regarding student demands, and the way in which they were met, or the brutal police methods used by the Government in breaking up some of the demonstrations and the appalling mass arrests of politically active students.

Of Peiping students she says: (They) "are generally regarded as the most politically conscious in China.... After peace was declared, they became particularly active politically, demanding an end to the Civil War, the establishment of a democratic coalition, and the granting of civil liberties."

Explaining the point of view of Government officials who were worried over the economic and military crisis and felt that the students had been incited by "Communist cells to disturb social order.... by raising a false banner of democracy and freedom," the author declares: "On the other hand, there were many who disageed with the Government and did not regard the student movement as communist controlled. No one doubted that there were communist agitators among the students, but people of all shades of political opinion shared the view that the vast majority of the students who joined the May demonstrations were neither communists nor communist influenced...."

NEWS OF THE WEEK

Elections Confused; Russia Unperturbed Over War Talk

THE National Assembly was thrown into utter confusion and excitement when the vice presidential elections came to a deadlock as the result of the withdrawal from the contest of three successful candidates who had won in the first two rounds. General Li Tsung-jen maintained his lead in the first and second ballots with Sun Fo and General Cheng Chien following behind.

It was an open secret that Sun Fo had the blessing and backing of the Kuomintang and the Government, but his poor showing in the first two rounds made his supporters and followers lose heart. Then pressure was brought into play in order to tip the scales. Suddenly, irresponsible pamphlets and handbills were circulated, charging that General Li was planning a coup d'etat following the elections. One pamphlet said that Li was plotting against the Generalissimo and was attempting to force him into exile. It was also charged that Li has received campaigning funds from the Communists or that he was in close contact with the dissident groups in Hongkong.

In his letter to the Presidium of the National Assembly in which he announced his decision to withdraw from the race, General Li bluntly charged: "Recently, it has been discovered that someone in the name of the party has applied pressure and control in order to prevent the delegates from exercising their right to vote freely. Such action is not only contrary to the party decision but also to democratic attitude and destroys the foundations of the constitution."

General Li's close friend General Pai Chung-hsi, Minister of National Defense, implied in a statement to the press that the third ballot would have been controlled by a "clique" of the Kuomintang and that some delegates had received threats of expulsion from the party unless they followed party instructions.

Earlier, General Cheng Chien, according to press reports, had already been "advised" to give up running for the vice presidency.

With rumors pointing to Sun Fo as the originator of the handbills and pamphlets against General Li, Sun issued a special edition of the Kuomintang organ, *Central Daily News*, to "kill the rumors circulating in the local press."

Seeing that both General Cheng and General Li had withdrawn from the elections, Sun did not think it good to run the whole show alone. Therefore he "followed the others" and announced his withdrawal.

Much behind-the-scenes bargaining and maneuvering are still going on at the time of writing and it will be interesting to see how the difficulty will be ironed out.

* * *

Yenan Falls

ONCE more Yenan fell into Communist hands. This time, the Nationalists were reported to have evacuated the city on their own initiative. On the broad plane of strategy, observers accepted the inference that the Government has embarked on a course of action based on the intrinsic merit of sacrificing stagnant isolated points for the grand conception of the final over-all sweep. According to these observers, more than ever it has become apparent that the Nationalist High Command, after a winter of jostling with the frustrating experience of widespread fighting, has decided to terminate this period of makeshift at the expense of political risk.

It is generally believed that with the Communists penetrating deep into Shensi, it was utterly impossible to hold on to Yenan without running the risk of having the lone garrison becoming doomed battalions. However, the fall of Yenan at the present time is bound to affect the position of the Nationalists.

Bloody fighting is still in progress at Weihsien, Shantung, but the situation there is said to be critical. Latest reports state that the local garrison has already evacuated the city.

There are signs of an early Communist spring offensive in Manchuria, with Mukden as the final objective. Reports from Peiping indicate that the Reds are moving troops from Manchuria to North China as part of a plan to snip off and isolate the Nationalist salient in the Northeast. The Communist troops are said to be moving southward on the western flank of the Peiping-Mukden Railway. It is claimed that two columns—a Red column usually consists of three divisions—had already crossed the Great Wall into China Proper. Another Red independent brigade was thrusting eastward from the eastern flanks of the Peiping-Jehol railway in the direction of Shanhaikwan.

* * *

Italy—What Next?

NOW that Premier de Gasperi's Christian Democrats have won the general elections in Italy, the whole world is watching to see what is going to happen there next. Many Communists are reported to have been arrested on charges of being in possession of unauthorized firearms. Gasperi told a press conference that the defeated leftists could enjoy democratic liberty "if they do not resort to coercion, or threats or plots or keep arms."

Premier Gasperi further announced that Italy had asked to join the Western European Union to fight Communism. It is stressed that Italy is the first nation to request admission to the Western European Union. The British Foreign Office said that Italy's application would be considered soon and it was generally believed that favorable action will be taken on it.

Reaction to the results of the general elections in Italy varied. In conservative circles, there was unmistakable rejoicing. Pope Pius XII said that the "skies of Italy are brighter with hope" as the result of the parliamentary election in which the foes of Communism emerged victorious. Describing the election as a memorable event in Italian history, the Pontiff declared in a statement for the American press that the balloting had "quickened the confidence of all Europe—yes, and the whole world.

It will be recalled that during the campaign, the Pope and prelates throughout Italy warned followers of the Communist-dominated Popular Front that they might lose the right to church sacraments.

Winston Churchill hailed the Communist defeat in the Italian elections as a "historic event." He said "Italy, liberated by the Allies from the fascist dictatorship of Mussolini, saved herself for the time being from the Bolshevik dictatorship of Stalin. Italy now regains her place as one of the principal powers of Europe instead of being made, like so many unhappy countries, to live in a cage with a bear. I rejoice to see Italy resume her full contacts with Britain and the United States."

Speaking before the Anglo-American Press Association of Rome, Communist Leader Palmiro Togliatti denounced the general elections as corrupt and stressed that the Italian Communists will not resort to force.

"The political situation is very serious and of great tension," Togliatti said. "Facing a decidedly democratic majority of the nation stands a Government which owes its power to foreign intervention, intimidation and corruption. In a brutal fashion, never seen in any nation in modern times, there was foreign intervention to deform the desires of the electors.... If by not accepting the results of the elections it is meant that we may resort to violence to chase from the Government men who used violence themselves against the people of Italy, then we have already said and repeat once again that we have no such intentions. To use force, whatever the outcome, would result

in harm to our nation which would then be threatened with losing its independence. We will open and keep open the question of having freely-held elections in which the people will not be menaced by hunger and war from abroad or by threats of hell-fire from the priests."

Asked to comment on the results of the general elections in Italy, Henry Wallace declared that the United States "managed to buy votes in the Italian elections, but we would be fools to believe that we bought the Italians' friendship."

Wallace said that the United States spent US$2,000,000,000 within Italy, but the problems of the Italian people have not been solved and are not upon the road to solution. Therefore, he added, the money spent by American taxpayers in Italy only purchased new concessions for international cartels.

Contrary to previous press reports, the Socialist Party will not break with the Communists after the recent defeat in the general elections. Secretary Basso let it be understood that his Socialists are determined to strengthen their unity with the Communists. Basso charged: "Election returns were affected not only by forgeries but also by external factors, by foreign pressure, religious terror and corruption—the methods used by the Government of the Christian Democrats on such a scale as was unknown even at the worst period of Giovanni Gielitti's regime. We believe that in future it will be more necessary than ever that we continue the struggle for the unity of all democratic forces."

* * *

War Talk

TALK about war is still very popular in the United States, Chief of Staff General Omar Bradley told the Senate Armed Services Committee that the prospect of war is greater than it was three months ago. The general warned: "We are a little bit more afraid that something will happen than we were three months ago when we were talking in terms of reserves. We are not sure that there is no war ahead right away."

At the same time the United States is having more and more of its finest warships put into storage against possible future need. The storage process is called "Operation Zipper." The ships will be packaged to protect their vitals against rust and moisture. In the event of emergency, a "packaged" ship can be ready for action again in 30 days. All along America's coasts—east, south and west—an estimated 2,000 ships of the world's greatest navy are being deactivated in this zipper operation.

Rear Admiral Ellis N. Zacharias, former naval intelligence officer, disclosed that the United States "with three secret weapons is ready to go to war with Russia any day of the week regardless of statements now made in Washington for extraneous reasons." According to Zacharias, these three weapons are the using of germs to spread disease, attacking the functions of the body and the using of climate to carry disease. He further revealed that these weapons are more deadly than the atomic bomb, pointing out that "the atomic bomb ranks fourth in consideration of destructiveness. The atomic bomb has a local effect while the other three are widespread."

In spite of much loose talk about war in the United States, the Soviet leaders do not seem to be perturbed. They just take it easy. According to Robert Magidoff, American correspondent who was recently expelled from Moscow on charges of engaging in espionage activities, Russian leaders apparently hold no belief that war is near.

He told newsmen at a Frankfurt airport that he heard little war talk in Russia and the Russian people are busy in productive work.

He further revealed that the Russian press, while giving the impression that Russia is surrounded by enemies, does nothing to imply that the people face another war in the near future.

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What US Papers Say

A number of US papers were inspired by the election of Chiang Kai-shek and developments in the Chinese National Assembly to appraise China's progress on the road to democratic government. Other subjects of interest in US press editorials included the evacuation of Yenan by Nationalist troops, the recent Italian elections and the admission of Burma to the United Nations.

* * *

China Government

"CHINA has a new President and a new Constitution; but both fit well the old French saying that the more it changes the more it is the same thing," the *Philadelphia Evening Bulletin* declared recently. The paper continued: "From this instance it's easy to say what ought to be done in China and it's equally easy to misjudge whether what ought to be done can be done. There was plenty of criticism in the Assembly of the Government's bungling in prosecuting the war and of corruption, but evidently the facts of civil war are so overpowering that no one yet has conceived a better leadership than that offered by the KMT Nationalists."

The *New Orleans Times-Picayune* felt thus: "Nationalist China has yet a long way to go to attain full democratic government, and the process will be slowed by the war with the Communists . . . Chiang's overwhelming re-election should be welcomed in Washington. It probably will greatly simplify the negotiations for the use of American assistance recently voted for the Chinese."

The *Springfield* (Massachusetts) *Union* said in part: "The Civil War absorbs most of China's energies at the moment. Yet that country of more than 450,000,000 people is continuing the difficult process of converting itself from an archaic, feudal and patriarchal autocracy into a modern democracy. It is a long and slow process . . . Although Chiang has been called a dictator, he seems genuinely anxious to make democracy work in China. The obstacles that must be overcome before constitutional government can be established are enormous."

The *Watertown* (New York) *Daily Times* made the following comment: "America feels that something should be done about China, and there is a general willingness here to help. But after a decade of stop-gap aid, the situation is now worse than ever . . . At the present time, we cannot stomach the corruption and callousness of the KMT. And we cannot remain neutral while the Communists continue to whittle away at China Proper . . . It is useless to call for a liberal government when we continue to support Chiang's feudal clique. Economic aid will be useful but does nothing to solve the threat of Communist domination, which we cannot tolerate there . . . But America must soon make up its mind who in China it will support, how much support it will give, and how far it will go. China's problem, for better or worse, is our problem, too."

* * *

Yenan Evacuation

THE *New York Herald Tribune* said in a recent editorial that the evacuation of Yenan by Nationalist troops "is not a major disaster for Generalissimo Chiang Kai-shek. There is some reason to doubt, indeed, whether Yenan should have been taken by government armies a year ago. There is even more doubt that it was wise to hold the city so tenaciously since that time. Chinese Government military commanders have shown an unfortunate tendency to retain cities for purposes of prestige, when supplying garrisons for them uses troops that might have been opposing Reds in the field . . .

It seems apparent that the importance of prestige has been taken too seriously. While 'face' is of great consequence in China, it is better to lose it on occasion than to lose a war. If the evacuation of Yenan indicates a realization of this point, it is a good sign rather than a bad one."

* * *

Italian Elections

VIRTUALLY every major paper in the United States carried an editorial on the Italian election results. The following comments were typical:

The *New York Times:* "Justifying the hope that the Western world had placed in them, the Italian people have won a smashing victory for their own sovereignty and independence and for the forces of liberty and democracy elsewhere. By the same token, they have administered a defeat to the forces of Russo-Communist totalitarianism that have already engulfed half of Europe and sought to engulf Italy as well.

"Credit for the victory belongs first of all to the Italian people who turned out in record numbers to outvote the disciplined forces of the left. Beyond that, this victory is vindication of American policy, especially of the European recovery program and the offer of Trieste, which promise Italy bread and national self-respect, and against which the Communists could only offer guns for a civil war in behalf of Soviet domination . . .

"At the same time, reassuring as the victory is, it must still be viewed only as one victory in a continuing struggle . . . In view of this, the Italian Government will have two major responsibilities. The first must be to observe the maxim that eternal vigilance is still the price of liberty. The second is to seek to ameliorate just grievances which the Communists can exploit for their own ends."

The *Washington Post* also voiced a warning that the election was only a first step and that "one way is now available to de Gasperi in making the Communist setback turn into a progressive decline. And that is to act as vigorously in reform as he acted in the campaigning. Without a doubt, Communism has flourished in the absence of it (reform), particularly in connection with land distribution. The American people, who have followed the election closely, will applaud the decision of the Italian people to stay in the free world and will hope that they will now get a considerate administration."

* * *

Burma Joins UN

THE *Washington Star*, commenting on the admission of Burma into the United Nations family, said: "Burma starts its national life with certain major factors in its favor. Besides the basic popular unity, its frontiers are clear-cut by nature . . . Furthermore, unlike its larger neighbors, India and China, it is not over-peopled. Its population of approximately 15,000,000 can easily be supported by its natural resources . . .

"Burma thus possesses the solid basis for successful and progressive national life. Unfortunately, it suffers from certain handicaps which may delay or complicate its national evolution. The Japanese conquest and occupation inflicted deep wounds on its economy and left behind an evil legacy of political and social unrest, favoring Communist penetration and agitation. What Burma today needs above everything is peace and internal order. Its admission to the UN by a unanimous vote indicates a friendly disposition toward it by all countries, near or far."

The *New York Times* had this to say: "Burma is the 58th sovereign state to join the UN. She was the last of the newly organized Oriental republics to apply for membership and fills a gap in a circle of almost contiguous territories that now stretches around the globe from New York to Rangoon. If expansion of common interest within the UN could match its territorial expansion, it would obviously be a much stronger institution than it seems to be at present . . .

"The fact that four of the new UN members are Oriental states is also of special interest. Released from colonial bondage or foreign domination, the Far East is now eager to play a larger part on the stage of world affairs. The UN is an important stage. That the new members, alert and ambitious and with no hidden interests to serve, will acquit themselves well, few can doubt."

What Chinese Papers Say

THE results of Italy's general elections and Sino-Japanese trade were topics of general interest which were commented upon in Chinese newspapers last week.

* * *

Italy's Elections

THE *Sin Wen Pao* held that the victory scored by the conservative Christian Democrats over the Communists in the general elections in Italy is bound to have far-reaching consequences in other countries. "The victory will greatly affect the forthcoming general elections in France. The defeat sustained by the Italian Communists will be a heavy blow to the French Communists and to the Communist International as a whole."

The paper further stressed that the results of the general elections in Italy prove that the Italians are looking toward the West. "From the results we can see that democracy in Europe still wields considerable influence and commands the support of the majority of the people."

"However, the ambition of the Italian Communists to capture the country will not vanish as the result of their defeat in the general elections," the paper warned. "The crisis confronting Italy still exists. So the Italian people should be on the alert against any possible Communist conspiracy in the future."

The *Ta Kung Pao* regarded the results of Italy's general elections as a victory for the Western Powers as well as for Premier de Gasperi's Christian Democrats. "As a matter of fact, the Vatican and the governments of Western Powers should feel happier than does Gasperi over the results, because a non-Slav Italy has successfully resisted being included in Russia's Iron Curtain. An advanced anti-Soviet bastion still remains intact and Western Europe's security plans have not been upset."

In spite of the defeat of the Communists in the general elections, the *Ta Kung Pao* does not think that there will be any coup in Italy. "This is due to the following factors: (1) although geographically, Italy is an immediate neighbor of Yugoslavia, her strategic position is better than that of Czechoslovakia; (2) the Italian Government now possesses a strong military and police force and so is able to maintain law and order; and (3) what is more important is that the Democratic Front under the able leadership of Communist Togliatti and Socialist Nenni, has never thought of waging a civil war.

"Once in answering a question, Nenni emphatically stated that they did not want to start a civil war. As for Togliatti he is politically farsighted and has always made concessions in his dealing with the Vatican, thus averting many tragic incidents. From this we may safely predict that the political struggle in Italy will probably continue to follow the regular constitutional procedures."

"However the future of the Italian situation is still full of difficulties," the paper pointed out. "Is de Gasperi a match for Togliatti after all? How is the Communist propaganda regarding agrarian reform to be met? Where are the supplies and employment that can be used to solve the unemployment problem? All these issues are uppermost in the minds of the Italian people. And the situation cannot be improved solely by means of aid from the United States.

"If the new government includes Guglielmo Giannini of the National Bloc, then its political line-up will be like a big stinking rubbish heap. The reason why the political situation in Italy is much worse than the present political situation in France is that Italy lacks a middle-of-the-road Socialist Party. The failure of the Rightist Socialist Party led by Giuseppe Saragat in the general elections is a great loss to the new government."

Turning to the future policy of the United States, the paper said: "In the eyes of Uncle Sam, the victory of de Gasperi is undoubtedly most gratifying, because his clever plan has been successfully put through. However, in the objective and cool-headed judgment of a third party, Uncle Sam had better take the attitude of a spectator with regard to the temporary stabilization of the situation in Italy and not stir up any unexpected trouble because of too much enthusiasm over the present success."

The *Chung Yang Jih Pao* is looking to the future of the political development in Italy with apprehension. According to the paper, "the political dispute in Italy will make a fresh start after the general elections, instead of coming to a temporary end. Moreover, since this dispute is international in character it is inevitable that the international dispute in Italy will hereafter become more bitter and blunt."

* * *

Japan

THE *Shang Pao*, official organ of the local chamber of commerce, was rather pessimistic over the trade between China and Japan.

"Since VJ Day, China's trade with Japan has been carried on by the government-operated Central Trust of China on a barter basis. It is reported that China's exports to Japan have been negligible. As the result of adverse trade balance, the Central Trust owes Japan as much as US$10,000,000.

"We are not entirely in favor of resumption of trade with Japan. The very fact that even such a big agency as the Central Trust has failed in its trading with Japan on a barter basis indicates that trade with that country should not be lightly attempted.

"So far as Sino-Japanese trade is concerned, the Japanese expect us to export salt, coal, pig iron and other foodstuffs. But the trouble is that we do not have a surplus of these commodities. China is badly short of coal and foodstuffs and has to depend upon exports from foreign countries. Such being the case, how can we meet Japan's needs?"

Blaming the present deplorable state of things on government monopolization of the Sino-Japanese trade, the paper argued:

"We are sure that the results would have been much better if the Central Trust had surrendered its right to import and had permitted private interests to carry on trade with Japan. In addition to salt, coal, iron, etc., the Japanese also require many other commodities, which the Central Trust is in no position to supply or handle. Many private merchants are experienced and they know how to do business with the Japanese. However, they have been unable to do anything simply because the Government and the Central Trust of China want to retain their exclusive rights of doing business with Japan. As a result in spite of their experience and their abilities, these Chinese merchants have been helpless to do anything about it and the trade between the two countries has become virtually a one-way affair."

The paper contended that the barter system has been a miserable failure and attacked certain government officials for their selfish motives.

"The most tragic blow which has been dealt is the failure of the barter system on which trading between China and Japan is based. Interested quarters in the Government refused to adopt the export-import linking system as enthusiastically recommended and advocated by the private traders and insisted on carrying on the barter system. The reason is simply because the export-import linking system has been advanced by the people while the barter system has been monopolized by the Government.

"However, now even the Central Trust of China has to admit that the barter system has proved a tragic failure . . .

"What is to be done in the future to remedy the present unsatisfactory situation? It is hoped that wise counsel will prevail in the long run by adopting the export-import linking system in place of the barter system which has already been discredited," the paper concluded.

The *Shun Pao* advocated an early convocation of an international conference to write a peace treaty for Japan and supported the resolution adopted by the National Assembly on this subject. It expressed the hope that the statesmen of the Allied Nations will do their best to break the present deadlock.

The Review's English Lesson—XXIX

A Love Letter, a Poem and Idiomatic Expressions

WE have received several letters from readers requesting that we print a model love letter. To put it mildly, we were a bit floored, but pulled ourselves together sufficiently to tackle the job. First of all, we turned to that old expert on affairs social, Emily Post. She informed us that it is proper to write love letters to the person to whom you are engaged. They should be as beautiful as you can make them and should not contain anything that would make you feel ridiculous if the letters fell into the hands of a stranger. A love letter should begin with a more tender salutation than other letters. It should tell the person who receives it things that are of concern to you both so that it will be interesting. You should make known your feelings of love, perhaps by saying how much you miss the other person. And it should conclude with words of affection.

Below we give you excerpts from a model love letter which was written by Napoleon Bonaparte to Josephine. You will probably not want to take its contents too literally, but they may serve as inspiration.

July 12, 1800

My darling Josephine,

"Since I left you I have been sad. I can only be happy when I am near you. I spend my whole time thinking of your kisses, your tears, your bewitching jealousy. The charm of the incomparable Josephine is perpetually rekindling the flames of my heart and my senses. When shall I be free, at length, free from cares and duties, free to devote all my time to you, with nothing in the world but to love you....Since I have known you, I have come to respect you more day by day, which shows how wrong La Bruyere was when he said that love comes suddenly. Everything in nature runs its course, and increases by degrees ....Be less beautiful, less tender, and above all less jealous. Your tears inflame my blood.... Join me quickly, so that, before we die, we may be able to say: 'We have had so many happy days!' A million kisses...."

Napoleon

Then, in order to kill two birds with one stone, that is, to further inspire those who want to write love letters and to provide a quotation for those many readers who have requested them, we quote a poem by William Wordsworth:

"She Was a Phantom of Delight."

She was a Phantom of delight
When first she gleamed upon my sight;
A lovely Apparition, sent
To be a moment's ornament;
Her eyes as stars of Twilight fair;
Like Twilight's, too, her dusky hair;
But all things else about her drawn
From May-time and the cheerful Dawn;
A dancing Shape, an Image gay,
To haunt, to startle, and waylay.

I saw her upon nearer view,
A Spirit, yet a Woman too!
Her household motions light and free,
And steps of virgin-liberty;
A countenance in which did meet
Sweet records, promises as sweet;
A Creature not too bright or good
For human nature's daily food;
For transient sorrows, simple wiles,
Praise, blame, love, kisses, tears, and smiles.

And now I see with eye serene
The very pulse of the machine;
A Being breathing thoughtful breath,
A Traveler between life and death;
The reason firm, the temperate will,
Endurance, foresight, strength, and skill;
A perfect Woman, nobly planned,
To warn, to comfort, and command;
And yet a Spirit still, and bright
With something of angelic light.

At this point we return to more mundane things and explain to you some of the expressions that appeared in the *Review's* editorials of April 24th.

"carte blanche" (page 213, paragraph 2)—a French term which literally means a blank piece of paper, containing only a person's signature, given to another person with permission to write what conditions he pleases.

"tough sledding" (page 214, paragraph 3)—a difficult time. "Tough" is used according to its meaning in slang which denotes something extremely difficult to cope with. "Sledding" derives from the verb used to describe transportation on a sled, usually on snow. Used in this way it refers to one's ability to get along or to manage one's affairs. The expression is slang.

"like the three monkeys" (page 214, paragraph 4)—the three monkeys are small figures which personify the expression, "See no evil, hear no evil, speak no evil."

"the arteries of the revolutionaries hardened" (page 214, paragraph 3)—the radicals became conservative. Hardening of the arteries is a physical sign of oncoming old age.

"China inches along, the West progresses with seven league boots" (page 214, paragraph 5)—China moves extremely slowly, i.e., an inch at a time, while the West moves along with great rapidity (21 miles at every step). A league is equal to three miles.

"has generated more heat than light" (page 215, paragraph 2)—has made more angry feelings than helped to enlighten the situation. American thinking is often colored with mechanical experiences. A machine which is designed to produce energy for light and produces more heat than light is wasteful and inefficient.

"fellow travelers" (page 215, paragraph 4)—those people who are not actually pledged as members of the Communist Party, but who follow the leadership of the Communists.

"exchanging brass hats for striped pants" (page 216, paragraph 5)—replacing members of the diplomatic corps with Army officers. "Brass hats" is a slang expression meaning Army officers. "Striped pants" refers to diplomats because they often wear such dress.

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